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RUEHAK/AMEMBASSY ANKARA PRIORITY 3515
RUCPDOG/DEPT OF COMMERCE WASHDC PRIORITY

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SUBJECT: AZERBAIJAN: CORPORATE "MOLE" LAW REJECTED BY
PRESIDENT ALIYEV

REF: A) BAKU 635 B) BAKU 477

¶1. (SBU) Presidential Economic Adviser Vahid Akhundov informed the Charge d'Affaires September 1 that President Aliyev did not sign the proposed amendment to the Law on Entrepreneurship Activity that passed Parliament on June 22 and instead has returned the law to Parliament. The Amendment, had it been signed by President Aliyev, would have required that "deputies," or Vice Presidents, of all foreign companies and companies with majority foreign investment in Azerbaijan be citizens of Azerbaijan chosen jointly by the foreign company and the GOAJ (Ref A). Akhundov suggested that the President and the Presidential Administration had not been consulted by parliament during the drafting of the amendment, and had not reviewed the proposed text ahead of the June vote.

¶2. (SBU) The American Chamber of Commerce in Baku (AmCham) actively opposed the amendment, and stated this week "we are proud to report that the consolidated efforts of the business and diplomatic community... have resulted in revocation of the amendments in their current state and further revision." It is unclear what these further revisions will involve, and it is also possible Parliament will decide not to take up any revisions but rather let the legislation quietly disappear.

¶3. (SBU) COMMENT: The speed with which Parliament drafted and passed this legislation, and the shoddy quality of legal research that went into it, seem to make it comparable to the first revisions to the NGO law that passed Parliament in June (Ref B). In that case, the Presidential Administration also said that the draft law was entirely the work of the Parliament, and did not come at the direction of the President or his staff. The law was later revised into something more palatable to international organizations, but still raised concerns. Embassy Baku suspects that a similar exercise could be in the works for the Entrepreneurship Law. We will continue to work in partnership with AmCham to monitor developments.

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